

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION No. 2111027 IN THE NAME OF INDIAN
MOTORCYCLES LIMITED

AND IN THE MATTER OF A REQUEST FOR A DECLARATION OF INVALIDITY
THERE TO UNDER NO. 82788

AND A REQUEST FOR REVOCATION UNDER NO. 82896 BY INDIAN MOTORCYCLE
INTERNATIONAL LLC

DECISION

INTRODUCTION

1. This is an appeal from the decisions of Mr G W Salthouse dated 25 January 2010 and 3 July 2013 whereby he dismissed the invalidity and revocation claims brought by the applicant, Indian Motorcycles LLC against the registration of the device mark No. 2111027, which is as follows:



2. The mark is registered in class 12 in respect of “Motorcycles; parts and fittings for motorcycles”. Those familiar with classic bikes may recognize the mark as one similar to or the

same as that used many years ago by a previously popular US brand of motorcycles. I will deal with the two appeals separately although one aspect relating to use overlaps to some extent between the two cases. There was some delay in resolving the dispute because final determination of the invalidity case waited for the decision of the CJEU in the *Budweiser* case and was therefore not issued until 2013, despite both proceedings having been commenced in 2007. Final resolution of this appeal was also delayed by the parties requesting additional time in which to attempt settlement which was, in the event, not achieved.

3. The case is one aspect of a wider dispute, contested in a number of places, over the rights to registration and use of certain INDIAN marks for motorcycles and related goods. The proprietor claims to be entitled to registration of its mark in the UK while the appellant, which has registered rights to various INDIAN marks elsewhere, contends that the proprietor is not entitled or is no longer entitled to such a mark, particularly for motorcycles. Both sides appear to have made attempts, which have not been wholly successful, to revive the INDIAN brand which was once in widespread use, particularly in the US military in the middle of the last century.

4. The hearing officer held that the proprietor was entitled to preserve its registration of the UK trade mark in the face of the challenges. The appellant contends that the hearing officer erred in a number of respects. By the time of the hearing, some of the numerous grounds of appeal had fallen away and I deal in this decision only with those that were maintained, addressing the non-use revocation case first.

APPROACH TO THE APPEAL

5. This appeal is a review of the hearing officer's Decision. Robert Walker LJ (as he then was) said of such appeals:

"...an appellate court should in my view show a real reluctance, but not the very highest degree of reluctance to interfere in the absence of a distinct and material error of principle" (*Reef Trade Mark* [2003] RPC 5 at [28]; see also *BUD Trade Mark* [2003] RPC 25).

6. Mr Justice Arnold recently summarised the principles in the light of the more recent authorities from the Court of Appeal and the Supreme Court as follows in *Shanks v Unilever Plc & Ors* [2014] EWHC 1647 at [27]-[28]:

“The role of the appeal court

27. The role of the appeal court was recently reviewed by Lewison LJ in *Fine & Country Ltd v Okotoks Ltd* [2013] EWCA Civ 672, [2014] FSR 11, where he said:

"50. The Court of Appeal is not here to retry the case. Our function is to review the judgment and order of the trial judge to see if it is wrong. If the judge has applied the wrong legal test, then it is our duty to say so. But in many cases the appellant's complaint is not that the judge has misdirected himself in law, but that he has incorrectly applied the right test. In the case of many of the grounds of appeal this is the position here. Many of the points which the judge was called upon to decide were essentially value judgments, or what in the current jargon are called multi-factorial assessments. An appeal court must be especially cautious about interfering with a trial judge's decisions of this kind. There are many examples of statements to this effect. I take as representative Lord Hoffmann's statement in *Designers Guild Ltd v Russell Williams (Textiles) Ltd* [2000] 1 WLR 2416, 2423:

'Secondly, because the decision involves the application of a not altogether precise legal standard to a combination of features of varying importance, I think that this falls within the class of case in which an appellate court should not reverse a judge's decision unless he has erred in principle.'

51. Where the appeal is (or involves) an appeal against a finding of fact, the role of an appeal court is as stated by Lord Mance in *Datec Electronics Holdings Ltd v United Parcels Service Ltd* [2007] UKHL 23 [2007] 1 WLR 1325 at [46] approving a passage from the judgment of Clarke LJ in *Assicurazioni Generali SpA v Arab Insurance Group* [2003] 1 WLR 577, 580 – 581 as follows:

'14. The approach of the court to any particular case will depend upon the nature of the issues kind of case determined by the judge. This has been recognised recently in, for example, *Todd v Adams & Chope* (trading as Trelawney Fishing Co) [2002] 2 Lloyd's Rep 293 and *Bessant v South Cone Inc* [2002] EWCA Civ 763. In some cases the trial judge will have reached conclusions of primary fact based almost entirely upon the view which he formed of the oral evidence of the witnesses. In most cases, however, the position is more complex. In many such cases the judge will have reached his conclusions of primary fact as a result partly of the view he formed of the oral evidence and partly from an analysis of the documents. In other such cases, the judge will have made findings of primary fact based entirely or almost entirely on the documents. Some findings of primary fact will be the result of direct evidence, whereas others will depend upon inference from direct evidence of such facts.

15. In appeals against conclusions of primary fact the approach of an appellate court will depend upon the weight to be attached to the findings of the judge and that weight will depend upon the extent to which, as the trial judge, the judge has an advantage over the appellate court; the greater

that advantage the more reluctant the appellate court should be to interfere. As I see it, that was the approach of the Court of Appeal on a 'rehearing' under the RSC and should be its approach on a 'review' under the CPR 1998.

16. Some conclusions of fact are, however, not conclusions of primary fact of the kind to which I have just referred. They involve an assessment of a number of different factors which have to be weighed against each other. This is sometimes called an evaluation of the facts and is often a matter of degree upon which different judges can legitimately differ. Such cases may be closely analogous to the exercise of a discretion and, in my opinion, appellate courts should approach them in a similar way.'

52. I would add to that citation the statement of Lord Steyn in *Smith New Court Securities Ltd v Citibank NA* [1997] AC 254, 274:

'The principle is well settled that where there has been no misdirection on an issue of fact by the trial judge the presumption is that his conclusion on issues of fact is correct. The Court of Appeal will only reverse the trial judge on an issue of fact when it is convinced that his view is wrong. In such a case, if the Court of Appeal is left in doubt as to the correctness of the conclusion, it will not disturb it.'

53. This corresponds with the test under CPR Part 52.11(3)(a)."

28. I would add that the Comptroller-General of Patents is a specialist tribunal, and therefore the warning given by Baroness Hale of Richmond in *AH (Sudan) v Secretary of State for the Home Department* [2007] UKHL 49, [2008] 1 AC 678 at [30], which was approved by Sir John Dyson SCJ giving the judgment of the Supreme Court in *MA (Somalia) v Secretary of State for the Home Department* [2007] UKSC 49, [2011] 2 All ER 65 at [43], is apposite in this context:

" ... This is an expert tribunal charged with administering a complex area of law in challenging circumstances. To paraphrase a view I have expressed about such expert tribunals in another context, the ordinary courts should approach appeals from them with an appropriate degree of caution; it is probable that in understanding and applying the law in their specialised field the tribunal will have got it right: see *Cooke v Secretary of State for Social Security* [2002] 3 All ER 279, para 16. They and they alone are the judges of the facts. It is not enough that their decision on those facts may seem harsh to people who have not heard and read the evidence and arguments which they have heard and read. Their decisions should be respected unless it is quite clear that they have misdirected themselves in law. Appellate courts should not rush to find such misdirections simply because they might have reached a different conclusion on the facts or expressed themselves differently. ... "

7. These general principles are just as much applicable to appeals from the Comptroller as to other appeals and I have therefore borne them in mind in addressing the grounds of appeal, particularly those where an overall factual evaluation by the hearing officer has been made.

THE APPEAL RELATING TO THE REVOCATION DECISION

8. The first ground of appeal is that the hearing officer wrongly concluded that the mark had been sufficiently used to preserve the registration. Particular criticism was directed at the hearing officer's approach to the evaluation of the evidence which, it was argued, he had failed to consider with a sufficiently skeptical and critical eye and had failed to pick up on certain material inconsistencies in the evidence of the proprietor as to the extent of use. There is, however, no dispute that he correctly referred to the relevant law and the decision makes it clear that he considered the evidence of use with some care.

9. The hearing officer dealt with this issue in the following way. First, he conducted a comprehensive and detailed review of each item of evidence (including each of the principal exhibits) in paragraphs [10] to [40] of the first decision. Next, he set out the legal principles including the law as derived from in *Ansul* [2003] RPC 40 and *La Mer* [2006] FSR 5. Then the hearing officer embarked on his evaluation of the materials in the light of those principles. At paragraph [51] of the first decision, he said:

51) Having determined that images 1 and 3 can be taken into account in addition to the mark as registered (image 2) I shall now consider the evidence of use put forward by the registered proprietor. The relevant periods in question are 21 March 1997 – 22 March 2002 and 7 June 2002-6 June 2007. The mark was originally registered by Mr Forbes t/a Motolux before being assigned on 23 February 2003 to Indian Motorcycles Limited. In considering the evidence I have to distinguish between claims to have produced and sold replica Indian bikes and parts for Indian bikes and claims to have sold such goods under the mark in suit. In the instant case the registered proprietor has provided evidence of use which has been the subject of challenge, required further evidence to clarify the situation but is still challenged by the applicant. Below is a table of the relevant use (within the relevant periods) which shows the exhibit reference number, a description of the goods, identification numbers of frames and engines (where provided) the costs, dates and a brief description of the items and what words/ images appear on the invoice. I have taken into account all of the evidence filed and comments made by both parties, and have excluded certain items where I considered there was enough doubt over whether the item was simply an old bike with no or limited modification. In doing so I do not accept the

applicant's contentions regarding these items but merely exclude them for convenience at this juncture.

10. He then set out a table of the alleged uses which he took particularly into account (and which it is not necessary to reproduce here). The table summarized in a convenient form a range of evidence, which was not particularly extensive but was nonetheless not insignificant, relating to sales or prospective sales of replica motorcycles branded with the mark in issue (or one sufficiently similar as to make no difference over a considerable period) and, in particular, during the relevant period. Among other things, the table contained entries concerning invoices for a number of motorcycles, including ones costing between £15,000 and £20,000. In some cases, a deposit was paid for these at a level which was also consistent with the motorcycle in question costing in this range. For example, at AF14 is an invoice (Invoice no. 1171D) for an Indian bike with a price of £18,000, dated 10.03.07. The invoice has one of the relevant images and also the words "Indian" and "Motolux". It indicates that a deposit of £10,000 was payable with £8,000 due on delivery. There was no dispute that a motorcycle at that price was likely to have been a new (i.e. replica) motorcycle and not a second-hand one. There are other similar examples.

11. The hearing officer then considered whether this evidence showed the sale of new (replica) bikes or only second-hand bikes or other goods. He did so, by reference to the principles in the *Royal Enfield* case, in paragraph [52] of the first decision, as follows.

52) The motorcycles offered for sale have been described as replicas by the opponent. To an extent this claim is valid. However, the sale of Indian motorcycles from the USA ceased in the early 1950s, and although efforts were made in the USA to resurrect the brand there is no evidence of any of the companies actually being a success or indeed selling a single machine in the UK. Indeed there is scant evidence of activity by the original Indian company with regard to sales in the UK, prior to its demise. The applicant contended that the use made was similar to the position in *Royal Enfield Trade Marks* [2002] RPC 24 where it was found that a company providing spares for Royal Enfield motorcycles did not show that there was a belief or understanding that the company had rights in the name. It was found that they had been trading as Vellolette Motor Cycle Company and merely using the term Royal Enfield to reference the fact that they could provide spares for that brand of motorcycle. I also note that Royal Enfield bikes were sold in substantial numbers in the UK for a great many years. Vellolette's use of Royal Enfield was compared to a garage using the mark Ford on its printed matter. I do not

consider that to be the case here, the registered proprietor has been building complete motorcycles as well as offering parts. From my consideration of all of the evidence including the television programme and books it would seem to me that the motorcycles sold by Mr Forbes are almost an homage to the originals whilst being immediately recognised as modern takes on the idiom by the motorcycling cognoscenti. Whilst a number are based upon an old chassis or frame they are extensively rebuilt and modernised. For anyone new to motorcycling since at least 1980 there has only been one company, in the UK, selling under the Indian brand and that has been Mr Forbes t/a Motolux, and subsequently Indian Motorcycles Limited. In the thirty years prior to that no-one was using the mark. The above sales are not large by any standards, however the market for motorcycles is relatively small, particularly the market for more esoteric motorcycles as opposed to those which would be everyday transport. Also, I have reduced the numbers only to those which I am convinced are not merely rebuilds of old machines. Even though two of the motorcycles were destined for Canada, at least one was registered in the UK prior to export. All of the items have been sold under the mark in suit or its equivalent and it has been, in my opinion, genuine use of the mark in suit upon the goods for which it is registered. The application for revocation fails.

12. In my judgment, in the consideration the hearing officer gave to the evidence on this issue, he applied the right test and he was examining it with an appropriately critical eye. In particular, the hearing officer took into account only that material which appeared reliably to relate to machines other than re-builds of old machines.

13. He considered, in detail, the suggestion that the material only showed the sale of second hand motorcycles (or other equipment or servicing) and not new ones and he specifically considered whether the trade mark, or one not materially different from it, had been used in relation to them. He also evaluated with some care whether the use was sufficient in scale to qualify as genuine use, having regard to the nature of the goods in question.

14. I have also reviewed the evidence upon which he relied and have concluded that the hearing officer's approach and evaluation of this matter cannot be faulted. In particular, although comparatively few motorcycles were sold in the relevant period, it was common ground that one would not expect the volume of sales to be large, given the cost of the items and their specialist market. I have no doubt that the sales in question were genuine attempts to develop a market for replica INDIAN branded motorcycles at the top of the heritage brand market.

The appellant's criticisms of the hearing officer's approach

15. The appellant contends that the hearing officer proceeded impermissibly on the basis of probabilities and suppositions (cf *La Mer*) and argued that proprietor had done an inadequate job in the evidence of dotting the i's and crossing the t's. I am not persuaded by the appellant's criticism. The proprietor's evidence was not inherently implausible as regards the use of the mark in relation to replica motorcycles and was supported by documentary evidence the authenticity of which was not challenged. It is true that there is some inconsistency in the evidence submitted on behalf of the proprietor, taken as a whole, particularly in that a witness from an individual who works at the DVLA appeared to be mistaken in saying that a much larger number of new motorcycles bearing the mark had been registered with the DVLA than appears to be the case (or is even suggested by the proprietor). The appellant was right to draw attention to this but it is unnecessary to explore the reasons for this here since other contemporary documentary evidence supports the fact that there has been use which, even if more modest, is sufficient to satisfy the test under EU law which the hearing officer rightly applied.

16. The appellant also made a point, which has some merit, namely that it is not easy to trace exactly where the payments (or promised payments) had gone in the various corporate accounts. This is an issue made somewhat more complex by the fact that not all trading was undertaken by the limited company and the accounts presented may not reflect the full extent of the use.

17. While those points of criticism of the evidence of use were attractively and forcefully argued by counsel for the appellant, I am unable to accept them. I am satisfied that the hearing officer did not make any error in his evaluation of the use by the proprietor of the marks in question. There was ample basis in the materials he relied on for his conclusions that the evidence was sufficient to show use.

18. I am also not satisfied that the hearing officer fell into error when he held that the use was genuine and therefore, implicitly, that it was sufficient to (and genuinely intended to) maintain or create a market in the goods in question. The appellant contends that the hearing officer failed to consider this issue properly or at all as required by *Ansul* but I do not consider that criticism to be justified. To the contrary, the hearing officer considered, in some detail, not just the cogency of the evidence relating to use but also the amount of use to be expected in the context of the particular market in question and found the use overall to be genuine. In doing so, as indicated above, he attempted to distinguish between use specifically in relation to replica motorcycles and

use for other aspects of the proprietor's business such as servicing. Even if, as the appellant says, he was too generous in his assessment in relation to individual instances, which I do not think he was, that would still leave a small, but still genuine, amount of use.

19. Moreover, in the absence of any cross-examination of any witness before the hearing officer, I would be slow to accept a criticism that the evidence is fundamentally unreliable (see the well-known *EXTREME TM* principles). The absence of cross-examination is a relevant factor in this case because this is a dispute over the use of the INDIAN brand for motorcycles which has been active in a number of fora for some considerable time. It is well known that, while not strictly essential, if a party wishes to invite the tribunal to disregard a particular item of evidence on the ground that it is unreliable, challenging the evidence by way of cross-examination is at least often desirable. If that is not done, it makes it harder to submit that the evidence should not be given weight.

20. Finally, I was also unpersuaded by the appellant's contentions that a sensible limitation to the specification could be made on the basis of the proven use, even if that had been limited to reconditioned motorcycles. It is however unnecessary to consider whether, on the assumption that use had only been proven in relation to second-hand refurbished motorcycles, such would have been sufficient to support a registration for "motorcycles" as such or whether, as the appellant suggests, there is a finer category of specification which would have been appropriate.

21. For the foregoing reasons, and having regard to the principles of appellate review of the decision set out above, I reject the appeal of the revocation decision.

APPEAL OF THE INVALIDITY DECISION

22. By the time of the hearing, the number of live points on the invalidity appeal had considerably reduced from those set out in the lengthy grounds of appeal. The only live issue was the question of acquiescence. Among other grounds, the attack on the hearing officer's approach to good faith in the acquiescence test and the section 5(4) point was no longer pursued. However, an additional point had emerged with which it is convenient to deal first.

THE “NO POSITION TO OPPOSE” POINT

23. The first point argued at the hearing and appearing for the first time in the appellant’s skeleton argument was a contention that the hearing officer had failed properly to address the issue of whether the appellant would have been in a position to oppose the use at all and whether it could therefore have been said to have acquiesced.

24. This was not a ground advanced in the grounds of appeal (and was in a sense inconsistent with the thrust of the appellant’s case). The proprietor objected to it being advanced. No formal application was made to amend the grounds of appeal and no explanation was provided as to why this point was not put forward earlier. So far as I can detect, it was not a ground advanced before the hearing officer either. Nonetheless, the point was comparatively fully argued before me by counsel for the appellant and, in my view, the right course in these circumstances is to consider whether the point has any *prima facie* merit in the course of considering whether there is any proper reason for permitting it to be raised at this stage in the proceedings: if it has no *prima facie* merit, it would not in any event be right to permit it to be advanced at this stage; if *prima facie* meritorious, as a tribunal of final appeal, it is desirable to consider with particular care whether it would be right to permit it to be advanced.

Does this new argument have prima facie merit?

25. The appellant contends that, because its trade mark was not registered, it would not have had any right to oppose the proprietor’s use and could not therefore be said to have acquiesced. The appellant’s argument went so far as to say that, unless it was proved that the appellant actually would have won in fully contested proceedings, no question of acquiescence could arise because it is impossible to acquiesce in the doing of something which, in fact, you have no right to prevent.

Law and principles

26. Article 9 of the Trade Marks Directive, which is headed ‘Limitation in consequence of acquiescence’ and which is implemented in the relevant provisions of section 5 of the Trade Marks Act 1994 provides:

1. Where, in a Member State, the proprietor of an earlier trade mark as referred to in Article 4(2) has acquiesced, for a period of five successive years, in the use of a later trade mark registered in that Member State while being aware of such use, he shall no longer be entitled on the basis of the earlier trade mark either to apply for a declaration that the later trade mark is invalid or to oppose the use of the later trade mark in respect of the goods or services for which the later trade mark has been used, unless registration of the later trade mark was applied for in bad faith.

2. Any Member State may provide that paragraph 1 shall apply *mutatis mutandis* to the proprietor of an earlier trade mark referred to in Article 4(4)(a) or an other earlier right referred to in Article 4(4)(b) or (c).

3. In the cases referred to in paragraphs 1 and 2, the proprietor of a later registered trade mark shall not be entitled to oppose the use of the earlier right, even though that right may no longer be invoked against the later trade mark.

27. In the relevant *Budweiser* case (*Budějovický Budvar, národní podnik, v Anheuser-Busch Inc.*, Case C-482/09 [2012] RPC 11), the Court of Appeal referred the following questions concerning interpretation of these provisions to the CJEU for a preliminary ruling:

“(1) What is meant by “acquiesced” in Article 9(1) of Directive 89/104 and in particular:

(a) is “acquiesced” a Community law concept or is it open to the national court to apply national rules as to acquiescence (including delay or long-established honest concurrent use)?

(b) if “acquiesced” is a Community law concept can the proprietor of a trade mark be held to have acquiesced in a long and well-established honest use of an identical mark by another when he has long known of that use but has been unable to prevent it?

(c) in any case, is it necessary that the proprietor of a trade mark should have his trade mark registered before he can begin to “acquiesce” in the use by another of (i) an identical or (ii) a confusingly similar mark?

(2) When does the period of “five successive years” commence and in particular, can it commence (and if so can it expire) before the proprietor of the earlier trade mark obtains actual registration of his mark; and if so what conditions are necessary to set time running?

(3) Does Article 4(1)(a) of Directive 89/104 apply so as to enable the proprietor of an earlier mark to prevail even where there has been a long period of honest concurrent use of two identical trade marks for identical goods so that the guarantee of origin of the earlier mark does not mean the mark signifies the goods of the proprietor of the earlier and none other but instead signifies his goods or the goods of the other user?”

28. The CJEU held that the concept of acquiescence was a community law concept which should be treated the same way in all member states and answered the questions as follows, so far as relevant to this appeal:

“1. Acquiescence, within the meaning of Article 9(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, is a concept of European Union law and the proprietor of an earlier trade mark cannot be held to have acquiesced in the long and well-established honest use, of which he has long been aware, by a third party of a later trade mark which is identical with that of the proprietor if that proprietor was not in any position to oppose that use.

2. Registration of the earlier trade mark in the Member State concerned does not constitute a prerequisite for the running of the period of limitation in consequence of acquiescence prescribed in Article 9(1) of Directive 89/104. The prerequisites for the running of that period of limitation, which it is for the national court to determine, are, first, registration of the later trade mark in the Member State concerned, second, the application for registration of that mark being made in good faith, third, use of the later trade mark by its proprietor in the Member State where it has been registered and, fourth, knowledge by the proprietor of the earlier trade mark that the later trade mark has been registered and used after its registration.”

29. In its judgment, the CJEU made the following observations (emphasis added):

“44 As observed by the Advocate General in point 70 of her Opinion, referring in particular to the Danish and Swedish language versions of Article 9 of Directive 89/104, the characteristic of a person who acquiesces is that he is passive and declines to take measures open to him to remedy a situation of which he is aware and which is not necessarily as he wishes. To put that another way, the concept of ‘acquiescence’ implies

that the person who acquiesces remains inactive when faced with a situation which he would be in a position to oppose.

45 For the purposes of Article 9(1) of Directive 89/104, that concept of ‘acquiescence’ must therefore be interpreted as meaning that the proprietor of an earlier trade mark cannot be held to have acquiesced in the long and well-established honest use, of which he has long been aware, by a third party of a later trade mark which is identical with that of the proprietor if that proprietor was not in any position to oppose that use.

46 That interpretation is supported by the context of Article 9(1) of Directive 89/104 and by the objectives of the directive.

47 First, the eleventh recital of that directive states that the proprietor of the earlier trade mark must have ‘knowingly tolerated’ the use of a trade mark subsequent to his own for a substantial length of time, in other words ‘intentionally’, ‘in full knowledge of the facts’. The eleventh recital also states that the interests of the proprietor of an earlier trade mark must not be ‘inequitably’ prejudiced. As observed by the Advocate General in point 72 of her Opinion, it would be inequitable if the proprietor of the earlier trade mark were to be excluded by limitation from seeking a declaration of invalidity or opposing the use of an identical later trade mark, in circumstances even where he was not in a position to do so.

48 Second, as stated above in paragraph 34 of this judgment, the objective of Directive 89/104 is to strike a balance between the interest of the proprietor of a trade mark to safeguard its essential function and the interests of other economic operators in having signs capable of denoting their goods and services. That objective implies that, in order to safeguard that essential function, the proprietor of an earlier trade mark must be capable, in the context of the application of Article 9(1) of that directive, of opposing the use of a later trade mark identical with his own.

49 It must be added that, as stated by the European Commission, the effect of any administrative action or court action initiated by the proprietor of the earlier trade mark within the period prescribed in Article 9(1) of Directive 89/104 is to interrupt the period of limitation in consequence of acquiescence.

50 In the light of the foregoing, the answer to parts (a) and (b) of the first question is that acquiescence, within the meaning of Article 9(1) of Directive 89/104, is a concept of European Union law and that the proprietor of an earlier trade mark cannot be held to have acquiesced in the long and well-established honest use, of which he has long been aware, by a third party of a later trade mark identical with that of the proprietor if that proprietor was not in any position to oppose that use.”

30. This conclusion and the approach accorded with that taken by Advocate General Trstenjak in *Budweiser* who said, at paragraph [72] of her opinion:

“...After all, the concept of ‘acquiescence’ implies that the person acquiescing was theoretically in a position to do something about an undesired situation, but deliberately did not do it. Imposed passivity in my opinion corresponds neither to the natural meaning of the concept nor to the concept of limitation of rights already described. (43) Furthermore, it should be borne in mind that in the 11th recital in the preamble to the directive the European Union legislature expressly allowed the interests of the proprietor of the earlier mark to be prejudiced by limitation of his rights only on condition that this was ‘equitable’. In view of the fact that no one can be legally obliged to do the impossible (*impossibilia nulla obligatio est*), (44) it would have to be regarded as inequitable to exclude by limitation the rights of the proprietor of the earlier mark on the ground that he had failed to defend himself against the unlawful use of his mark by another even though he was quite unable to do so.”

31. However, the court said this in relation to the position where the earlier mark was not registered:

“60 That said, it should be added that registration of the earlier trade mark in the Member State concerned does not constitute a prerequisite for the period of limitation in consequence of acquiescence to commence.

61 Article 9(1) of Directive 89/104 states that the ‘earlier trade mark’ is ‘as referred to in Article 4(2)’ of that directive. Within the meaning of Article 4(2) a trade mark can be considered to be earlier without having been registered, as in the case of ‘applications for trade marks ... subject to their registration’ and trade marks which are ‘well known’, referred to in Article 4(2)(c) and (d) respectively of that directive.

62 Consequently, the answer to part (c) of the first question and the second question is that registration of the earlier trade mark in the Member State concerned does not constitute a prerequisite for the running of the period of limitation in consequence of acquiescence prescribed in Article 9(1) of Directive 89/104. The prerequisites for the running of that period of limitation, which it is for the national court to determine, are, first, registration of the later trade mark in the Member State concerned, second, the application for registration of that mark being made in good faith, third, use of the later trade mark by its proprietor in the Member State where it has been registered and, fourth, knowledge by the proprietor of the earlier trade mark that the later trade mark has been registered and used after its registration.”

Appellant's arguments

32. The appellant relies on these passages to submit that, in this case, because the applicant's potentially relevant trade mark in this case was not registered, there was no right to prevent the use of the later mark and there can have therefore been no acquiescence. It describes this point as a "technical point" in the skeleton argument and submits that there is no answer to it, even though it was not a point which appears even to have been argued below.

33. Attractively and economically though this argument was presented, I am unable to accept it in the circumstances of the present case.

34. First, the appellant was, until comparatively recently urging upon the Comptroller and upon this tribunal by its grounds of appeal the fact that it did have, and at all material times had, the right to object to the proprietor's use. In its statement of reasons in support of the invalidity application, the appellant asserted that, as a result of its prior reputation and/or goodwill, use of the mark in issues would be liable to be prevented by the law of passing off. It submitted a number of documents in support and maintained that case before the hearing officer. I am therefore unable to accept the submission that the appellant had no relevant rights. It is true that the appellant was ultimately held disentitled to maintain a case on the basis of its alleged earlier rights but it was consistently asserting that it had the right to prevent the use in question, albeit not on the basis alone of an earlier registration. It seems to be artificial to say that there was no right to oppose when for a lengthy part of the proceedings it had been contended that there was an unanswerable right.

35. Second, although the CJEU said that there was no acquiescence if a person in the position of the appellant was "not in any position to oppose" the proprietor's use, it did not suggest that a proprietor had to plead and prove that the person who might have opposed would have certainly won such a case before it could be said that the opponent had acquiesced. Nor can this have been what the CJEU had in mind. It would not be easy to see the logic in such a position and I am not prepared to treat the CJEU as having taken such an extreme view.

36. Such an approach would mean that, if an opponent had an arguable right which it deliberately and consciously did not assert for the relevant period, but it turned out, perhaps after

many days evidence and complex argument on appeal, that the case which the opponent had deliberately not asserted would have been lost, the opponent could never be said to have acquiesced, on the basis that the opponent was never was “in a position to” oppose within the meaning of the requirement in *Budweiser*¹. This is very far from a situation of a kind which may have been contemplated by the CJEU in its observations, namely where a person had no real basis at all for objecting to the proposed use. In such a case, a “failure” to object may not be taken to be acquiescence (any more that it could be said that an exclusively British citizen “acquiesced” in the appointment of a US president where he or she had no right to take part in that exercise).

37. The concept of acquiescence in the relevant provisions of EU trade mark law has not, as far as I am aware, been interpreted in the manner suggested by the appellant in EU trade mark law, nor in my judgment would it be right to do so. This is therefore not a point which is *prima facie* meritorious although for the reasons given below I do not definitively decide that.

Is this point open to the appellant on its grounds of appeal?

38. The proprietor contends that it would, in any event, be unfair to permit the appellant to advance the point at this stage or in this way. I agree. First, I do not consider that it is appropriate to permit a point of this nature, which is now alleged to be so significant as even to give rise to a possible need for a reference to the CJEU, to be raised for the first time a few days before the appeal hearing, particularly since it appears to be inconsistent with grounds and arguments that were until recently being advanced, both on this appeal and below. Second, there is a possibility of prejudice because if, contrary to my view, the argument has any real merit, the proprietor may have wished to make different, factually dependent, points about whether the appellant in fact did have a possibility of opposing use and may have wished to contend, for

¹In a still more extreme version of this point, if the case which the opponent deliberately did not bring would have succeeded at first instance but ultimately lost on appeal perhaps for some technical reason such as inadmissibility of evidence of title, the opponent would not be regarded as having acquiesced on the basis that it did not have a right to oppose the use at all (even though a lower court had held it to have that right). Although if such an appeal had been dismissed, it would have been regarded as having acquiesced.

example, that the proprietor could not at the same time assert that it did and did not have a relevant right. That was not gone into in any detail below because it was not in issue. This is not the kind of situation in which it is generally appropriate to permit a point which was not advanced below to be raised for the first time on appeal. Such may only be done in limited circumstances (see the summary of these in *Fage UK Ltd & Anor v Chobani UK Ltd & Anor* [2014] EWCA Civ 5 at [149]-[154]). Third, in the absence of an amendment to the grounds of appeal, it is not appropriate for permission to be given for a point of this kind to be run in argument at a hearing for the first time, especially where no application to amend the grounds of appeal is formulated even at that late stage (see e.g. *Coffeemix* [1998] RPC 717). It is not generally an appropriate exercise of discretion to permit that to be done and, in all the circumstances of this case, I decline to do so.

39. Accordingly, in my judgment, this is a point which is not open to the appellant on this appeal. However, even had it been open to the appellant, for the summary reasons given above, I consider that it would have been *prima facie* without merit, in the circumstances of this case.

Reference to the CJEU

40. In a further written submission sent to me after the deadline I had fixed for further written argument on this point, the appellant submits that this is a point suitable for a further reference to the CJEU. I am satisfied, having regard to the well-established *CILFIT* principles, including that the provision in question has already been interpreted by the CJEU and that the correct application of the law in the context of this case is sufficiently clear on the facts of the present case as not to leave scope for reasonable doubt, that no reference to the CJEU is necessary, notwithstanding the fact that the Appointed Person provides a final judicial route of appeal in this case. Although the appellant is correct that the concept of acquiescence is, in this context, one of EU law, the CJEU has given sufficient guidance in its *Budweiser* decision to assist the national court in resolving the issue arising on the facts of this case.

41. Moreover, it would not be fair to the proprietor for a reference to be made now as a result of submissions made at the last moment in response to the proprietor's submissions in respect of a point which I have held is not in any event open on this appeal. If I had permitted the point to be advanced, I would not have considered it to be a suitable one for reference to the CJEU.

THIRD AND FOURTH REQUIREMENTS OF *BUDWEISER*

42. The second and third grounds of appeal which remain under this head relate to the way in which the hearing officer evaluated the issue of acquiescence and, principally, the third and fourth requirements of *Budweiser* namely there had in fact been been relevant use and knowledge by the proprietor of the earlier trade mark that the later trade mark has been registered and used after its registration.

Third *Budweiser* requirement - use

43. The hearing officer dealt with this issue in paragraph [12] of the supplementary decision as follows:

12) I now move onto consider the issue of the third prerequisite set out by the CJEU namely “use of the later trade mark by its proprietor in the Member State where it has been registered”. Although the original decision had within it a decision on a revocation action which found that the registered proprietor had used its mark on motor cycles and parts and fittings for motorcycles, the applicant has sought to use the submissions on the CJEU finding to reopen this aspect of the case. They have sought to file new evidence on the issue. It would appear that they now believe that in the original opposition to their trade mark in OHIM, the registered proprietor only claimed to be manufacturing spare parts and refurbishing motorcycles, not manufacturing new motorcycles. When this decision was appealed the registered proprietor changed its position to include the manufacture of motorcycles as part of its activities. Even if I accept that the applicant’s predecessors in business took the wording of the opposition at face value and did not carry out any enquiries of its own into the activities of the registered proprietor, it does not fatally undermine the registered proprietor’s case. In my earlier decision I carefully examined and sifted the evidence provided for the case before me. At paragraphs 51 and 52 of my original decision I make it clear that I excluded any evidence where there was a possibility that it related solely to refurbishment. Whether the statement of use filed by the registered proprietor in its opposition filed at OHIM was made tactically or simply by mistake is not something I can comment upon, nor do I have to. The matter has been considered by the evidence filed in the instant case. The registered proprietor meets the requirements of the third prerequisite.

44. The appellant criticizes the hearing officer's assessment in a number of respects. First, the appellant contends that it can only be taken to have acquiesced in such actual use of the mark as there was: even if this use was sufficient to prevent the mark being removed for non-use, it is not sufficient use for the appellant to lose its rights as a result of a failure to object to it. The appellant also says that there must be use for a continuous period of five and the use here was insufficiently continuous for the acquiescence (such as it was) to have been continuous.

45. There is some substance in the proprietor's argument as a matter of principle. If, for example, there is very isolated and one-off use by a proprietor of a mark in a given five year period such as would not make it reasonable for an opponent to object at all, it might be said that the failure to do so does not constitute acquiescence.

46. While that may be so in theory, it is not the correct analysis in the present case. In this case, on the evidence and facts found by the hearing officer, Mr Forbes had established a business in the UK a considerable time ago which undertook a number of activities: selling spares for INDIAN motorcycles, refurbishing INDIAN motorcycles and also making new INDIAN replica motorcycles. The latter activity is, by its very nature, sporadic (see above). However, *inter alia*, for the reasons given above in connection with the non-use argument above and in connection with the knowledge point below, it was established on the evidence that the proprietor had set up a genuine business, *inter alia*, selling replica INDIAN motorcycles as and when those were ordered and that the appellant knew this and did not object. Once this was shown, it does matter precisely how many articles were proved to have been made and sold under the mark in that business. What matters is whether the person said to have acquiesced took steps to oppose the use for that business for five years or whether, instead, it let that business continue knowing of it and having at least a potential ability to object.

47. I therefore do not find this ground of appeal to be made out.

Fourth *Budweiser* requirement - knowledge

48. The hearing officer dealt with the fourth requirement in paragraphs [13]-[16] of the supplementary decision as follows:

13) I now turn to the fourth prerequisite set out by the CJEU which was “knowledge by the proprietor of the earlier trade mark that the later trade mark has been registered and used after its registration”. In the instant case the registered proprietor’s mark was filed on 24 September 1996 and registered on 21 March 1997. The applicant’s mark was filed on 11 July 1996 and registered on 8 July 2004. Therefore, any use by the registered proprietor after registration on 21 March 1997 can be taken into account and the question that remains is whether the applicant was aware of the activities of the registered proprietor. In my earlier decision I used the date of the original opposition in OHIM to state that the applicant would have been aware of the activities of the registered proprietor. I note that in paragraph 79 of my decision I set out evidence that the applicant’s predecessor in business was aware of the new Dakota 4 motorcycle being offered for sale by the registered proprietor and according to an independent witness even entered discussions with them. The registered proprietor had exhibited its new motorcycle at a major exhibition of historical Indian motorcycles in Ohio. Therefore, even if I accept that the date of the opposition in OHIM can no longer be relied upon, the discussions and exhibition in 2001 would have alerted the applicant to the manufacturing activity of the registered proprietor. This would still be over five years prior to the filing of the invalidity action in March 2007.

14) For its part the applicant contends that the presence of a new Indian Dakota 4 bike at the exhibition would not alert the applicant to the fact that the registered proprietor was offering new motorcycles for sale. The applicant contends that I have assumed that they visited the exhibition and thus were aware. In the evidence of the independent witness Mr Meyers who worked for IMC (a predecessor in business to the applicant) and states that IMC were aware of Mr Forbes making a new Indian four cylinder motorcycle from 1999 and met with him in the USA and UK. The applicant has contended that some of Mr Myers statements were supposition beyond his knowledge of company issues. However, it has never been denied that they met with the registered proprietor on at least two occasions, including one in the UK. The applicant now contends that newspaper reports provided by the registered proprietor were all UK based and therefore would not be seen by the applicant. To my mind, I find it hard to accept that a business will meet another company on at least two occasions, including a meeting which involved travelling to the UK but would not carry out basic checks on that company, such as the extent of its operations, its actual business etc. A simple press search would be very simple to arrange; further one has to wonder quite what these meetings could have been about if not about motorcycles, the activities and plans of both parties and possible collaboration.

15) The applicant also contends that it was not in a position to oppose. Firstly, it claims, broadly speaking, that its predecessors in business were in such a chaotic state having to raise finance, re-engineer a proposed new product, laying off workers that they were unable to consider anything outside the day to day fire-fighting required to try and make

the company produce a motorcycle. Clearly, they were unsuccessful as the company went into administration. However, should the registered proprietor be penalised simply because the applicant's predecessors were having difficulties, and lacked the common sense to realise that the registered proprietor was using the Indian mark on new motorcycles in the UK, even though they met with the registered proprietor on a number of occasions and had seen the new four cylinder motorcycle with the Indian mark prominently displayed. It is clearly a modern machine and could not possibly be mistaken for a restored old model. These are not reasons which can be seriously considered as meaning the applicant's predecessors were not in a position to oppose.

16) The applicant also contends that once it acquired its marks it had to review the position and assess what had been acquired. It rejects that this could have been carried out prior to acquisition. It points out that it took action within five years of its acquisition. The implied contention that the period for acquiescence should be reset following an assignment is not justified. The applicant further contends that because of the opposition to its mark in OHIM by the registered proprietor it was not sure if it had a mark to protect and so it did not have the ability to prevent use of the registered proprietor's mark. This again is nonsense. It is perfectly normal for parties whose mark is being opposed to file actions relying upon the mark as an earlier mark, and the action is then suspended pending the outcome of the original action. Such an action would clearly signify that the party does not acquiesce to the use of a later trade mark. It is virtually cost free to do this and cannot be used as a reason for inaction. The registered proprietor meets the requirements of the fourth prerequisite.

49. The appellant says that the hearing officer approached the issue of knowledge incorrectly and implicitly held that constructive knowledge of the proprietor's activities was sufficient, whereas actual knowledge is required.

50. I am unable to accept that criticism. In paragraphs [13]-[14] of the supplementary decision, the hearing officer concluded that the appellant knew what the proprietor was doing as regards the sale of new motorcycles from a number of different sources, including discussions with the proprietor and the fact that the proprietor had exhibited such a motorcycle in the US. He was not saying that constructive knowledge was enough: he was saying that the facts established actual knowledge.

51. The appellant also contends that there is no credible evidence that it or its predecessors in business knew about the production of (at least) newly manufactured motorcycles for five years

even if it knew about other uses. Accordingly, it is submitted that there was not acquiescence to the use for new motorcycles. However, it is not easy to reconcile this criticism with the fact that the appellant's evidence of Mr Frank O'Connell, the former President, CEO and Chairman of the appellant's predecessor in interest said, in his witness statement dated April 16, 2008, at paragraph 9:

“I was not told that Mr Forbes was manufacturing new bikes or that anyone else at IMC understood Mr Forbes to be anything other than a seller of INDIAN spare parts and custom-made replica or refurbished INDIAN motorcycles.” (emphasis added)

52. There is no dispute that “replica” motorcycles are ordinarily understood to be new (or almost wholly new) ones which reproduce the designs of the original, as was confirmed by the letter from Mr Ed Youngblood of Ed Youngblood's MotoHistory exhibited to Ms Taylor's witness statement in the proceedings. There was, moreover, other evidence which the hearing officer was entitled to take into account, including from Mr Myers, who had said that the appellant's predecessor was aware of Mr Forbes and the 4 cylinder Indian motorcycles “his company made in the UK”. Although Mr O'Connell disagreed with that statement in his witness statement, it is consistent with the part of his evidence I have reproduced above.

53. Additionally, it seems to me inherently likely, in the light of the evidence concerning the relations between the parties, the meetings between them in the UK and the fact that there had been discussions about the possibility of a future collaboration, as stated by Mr O'Connell at paragraph 10 of his witness statement, that the appellant or its predecessors in interest would have been actually, not merely constructively, aware that Mr Forbes and his businesses were making and selling replica new INDIAN branded motorcycles, albeit on a small scale, from at least 2000.

54. Accordingly, the hearing officer had sufficient basis for his conclusion that there was actual knowledge and I reject this ground of appeal.

Summary and conclusion on the acquiescence point

55. Finally, and stepping back from the detail of the argument on both sides, it is necessary to consider the appellant's arguments against the backdrop of the purpose of the acquiescence

provisions of the Act and Directive as explained in the *Budweiser* case. They are, in part, there to ensure that a proprietor enjoys an element of security of tenure with respect to its mark after a five year period of inactivity on the part of a potential challenger has passed. This case, on the facts found by the hearing officer, provides a good example of a situation in which it is reasonable to invoke such a principle. The proprietor established a business in making replica INDIAN motorcycles in the UK among other things. That business became well known to the appellant. His good faith in doing so is no longer challenged on this appeal. He did so well before the appellant established its business in also seeking to revive the INDIAN mark. The appellant did not object to the proprietor's use for a long period (indeed, well over five years) and it may well have suited the appellant to have a UK-based enthusiast also trying to revive and develop the market for INDIAN motorcycles, particularly since there was some thought of collaboration with a potentially "friendly" undertaking. In those circumstances, it was reasonable for the hearing officer to hold, in the light of the explanation of the principles in the *Budweiser* case, and the facts of the case that there had been sufficient acquiescence.

56. For all of those reasons I do not find that the grounds of appeal relating to the acquiescence point are made out.

OVERALL CONCLUSION

57. The appeal will be dismissed.

COSTS

58. The parties apply for costs following success in the usual way.

59. The respondent/proprietor has succeed on this appeal. An application to adduce further evidence on appeal on the part of the applicant was not pursued. In the circumstances I do not think it is right to deal with that as a separate head of costs but rather to take it into account in augmenting somewhat the costs payable to the respondent, since consideration of this application would have required some additional time.

60. The hearing officer allowed costs of £1200 for preparing and attending a hearing in respect of the first decision and a further £300 in respect of preparation of submissions following the decision of the CJEU in *Budweiser*. That was in addition to the costs of evidence.

61. I will order the total sum of **£1600** in respect of preparing for and attending this appeal including the costs of considering the application to adduce further evidence and the short further written submissions on the issue of acquiescence following the hearing. That makes a total sum payable including the hearing officer's award of **£4400** which should be paid within 7 days of the date of this decision.

DANIEL ALEXANDER QC

Appointed Person

10 October 2014

Representation

Michael Edenborough QC instructed by Urquart-Dukes and Lord appeared on behalf of the appellant.

Simon Malynicz instructed by Marks & Clerk LLP appeared on behalf of the proprietor.